

3 March 2010

The portfolio aims to achieve a slow but steady return by investing 10% into bond funds and 90% into equity funds. The target allocation may change with our views on financial markets. Currently we have an **overweight position in equities** and we are targeting to have an exposure of 100% equity funds.

Total Investment:	RM36,000	Absolute Return:	2.4%	Annualised	
Portfolio Value:	RM36,859.96	February '10 Return:	-0.77%	Internal Rate of Return:	2.1%

AGGRESSIVE PORTFOLIO

Fund Name	Target Allocation (%)	NAV		% Change
		29/01/2010	25/02/2010	
OSK-UOB Smart Treasure Fund	16.0%	0.6042	0.6062	0.3%
Prudential Asia Pacific Equity	16.0%	0.5216	0.5173	-0.8%
Prudential Global Emerging Markets	16.0%	0.2366	0.2327	-1.6%
OSK-UOB Global Equity Yield Fund	32.0%	0.3312	0.3257	-1.7%
OSK-UOB Big Cap China Enterprise Fund	5.0%	0.4679	0.4736	1.2%
OSK-UOB Global Capital Fund	5.0%	0.3847	0.3841	-0.2%
OSK-UOB Resources Fund	5.0%	0.6076	0.6115	0.6%
OSK-UOB Emerging Opportunity Unit Trust	5.0%	0.5129	0.5142	0.3%

MARKET COMMENTARY

- Markets continued to exhibit volatility in February 2010, as Greek debt problems weighed on investor sentiment. European leaders contemplated a Greek bailout, but failed to provide any details of any initiatives, hurting European stocks and resulted in a further weakening of the euro. European equity sentiment continued to deteriorate as Germany reported flat growth and the UK's GDP figures came in poorer than expected. As at 24 February 2010, European stocks (as represented by the DJ Stoxx 600) lost 2.7% (in RM terms) since our last update on 31 January 2010, the worst performing market under our coverage over this period. Most markets lost ground in February, with the notable exception of the US, Thailand, Hong Kong, and the technology sector (represented by the Nasdaq 100).
- Interest rate uncertainty was brought about by the US Federal Reserve's decision to raise the discount rate from 0.5% to 0.75% on 19 February. While the media has widely reported this as a rate "hike", investors should note that the policy rate (Fed Funds Target Rate) has been left unchanged, and the Fed Chairman has also reiterated its policy of keeping rates low for the foreseeable future. The Fed discount rate represents the cost of emergency borrowings via the Fed discount window, and has traditionally been pegged to the target rate with a 100bps spread. This spread was lowered twice to 25bps in the recent crisis, and with financial markets having stabilised, it is only natural for the discount rate to be hiked back to a 50bps or 100bps spread over the target rate.
- Further tightening activity has been observed in China, with the reserve ratio raised by another 50 basis points, a strong hawkish signal by the People's Bank of China. As previously discussed, loans growth has spiked tremendously over the prior few quarters (a result of the massive amounts of stimulus), and the possible speculative usage of such borrowed funds presents a potential problem for bank loan quality further down the road. Thus, we continue to view such moves by the Chinese central bank as positive moves to ensure long-term sustainable growth, and to suppress any potential asset bubbles.

PORTFOLIO COMMENTARY

The portfolio value declined by 0.77% in Feb 2010, dragged mainly by decline in Prudential Asia Pacific Equity, Prudential Global Emerging Markets and OSK Global Equity Yield Fund which returned -0.8%, -1.6% and -1.7% respectively. Nonetheless, the decline in performance was buffered by positive growth of 0.3% in OSK-UOB Smart Treasure Fund. Equity funds within the supplementary portion such as OSK-UOB Big Cap China Enterprise Fund, OSK-UOB Resources Fund and OSK-UOB Emerging Opportunities Fund which have positive returns of 1.2%, 0.6% and 0.3% respectively helped offset the decline in portfolio value.

ACTION TAKEN

We have added RM1,000 into the portfolio to bring the allocation of funds nearer to our target. Portfolio additions are as follow:

RM200 into Prudential Asia Pacific Equity
RM200 into Prudential Global Emerging Markets
RM600 into OSK-UOB Global Equity Yield Fund